

Lunch from an upscale deli



Sandwich: **\$7.95**
 Chips: **\$99 cents**
 20 oz. soda: **\$1.75 cents**
Total: \$10.69

coffee -rather than \$10 at Starbucks-, saving over \$1000 a year, and preparing your own lunch, which can save up to \$10 a day, and well over \$3000 a year. Add them all up, and you're looking at substantial savings of close to \$10,000 per household.

Enter the 'do-it-yourself' consumer of the 21st century and the philosophy of 'lunchanomics'. With the hustle and gloom of current conditions, and precisely due to bleak prospects, many consumers seek carefree relaxation and quality time with family and loved ones. Affluent consumers are not ready to give up their quality leisure time, and simply canceling vacations is not part of the 'standard' repertoire. While they might shift to closer destinations, their true focus is on experiencing value for money.

Economic slow-downs have an

interesting, somewhat paradoxical effect: psychologically they heighten the need for relaxation and 'down-time', thus increasing the propensity for leisure and recreation, yet simultaneously, they also heighten the sensitivity to costs and (expected and perceived) value, thereby affecting experiences and expenditures, which are all intimately related, and have an impact on tourism-dependent destinations, especially the open economies of leisure-intensive islands.

In studying the longitudinal impact of US economic recessions and slowdowns on the island economies in the Caribbean for the past 20 years, studies indicate that effects are not unequivocal. While some destinations seem to thrive, others seem to dive. A key distinguishing 'do-or-die' factor is the destination value proposition, i.e., what is the destination promising and providing in terms of valuable leisure experiences? Competing on price seems to be a 'double dam-me' (not whammy): from a consumer perspective it sends out a signal of desperation, lacking confidence and no quality; and from an industry perspective it puts pressure on profit margins.

In terms of numbers, on average a 1-point drop in consumer confidence (as measured over a yearly quarter) has a relatively

insignificant -0.5-point effect on tourism arrivals; yet this same 1-point quarterly drop can cost a destination well over \$10 million in changing spending patterns and selective consumer savings due to lack of product quality and value experiences.

Lunchanomics suggests that 'do-it-yourself' expenditures are the prime target for savings. Indeed, research confirms reduced spending on entertainment, food & beverage and shopping (with an average 20-point drop), followed by accommodation and casinos. Thus, while island destinations may seem to be thriving in times of turbulence with palapa-poised faces and heads in beds, appearances may be deceiving as destinations loose out on economics.

Rather than simply cut their sails, destinations would do well by hoisting their flags even hire - developing a compelling and unique destination value proposition is imperative.

Mirrors on the ceiling, and pink champagne on ice -

Are we all just prisoners here of our own device?

Dr. Ryan R. Peterson